

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

November 3, 2006

In Reply Refer To:
East Tennessee Natural Gas, LLC
Docket No. RP07-10-000

East Tennessee Natural Gas LLC
P.O. Box 1642
Houston, Texas 77251-1642

Attention: David A. McCallum
Director, Rates and Tariffs

Reference: Revisions to Tariff Provisions Governing Capacity Release Mechanism

Dear Mr. McCallum:

1. On October 6, 2006, East Tennessee Natural Gas, LLC (East Tennessee) filed revised tariff sheets¹ to make clarifications to its capacity release mechanism. Specifically, East Tennessee filed revisions to sections 17 and 18 of its General Terms and Conditions, which provide for the temporary release or permanent assignment of rights to firm transportation and LNGS Service, respectively, to reflect the current procedures that East Tennessee's releasing customers and potential prearranged and replacement shippers are required to follow in order to effectuate the temporary or permanent release of capacity via East Tennessee's capacity release mechanism. The Commission accepts the proposed tariff sheets to become effective November 6, 2006, as requested and denies a request for clarification by an intervening party.

2. Public notice of East Tennessee's filing was issued October 11, 2006, with interventions and protests due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2006)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2006)), all timely filed motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. Piedmont Natural Gas Company, Inc. (Piedmont) filed comments and a request for clarification to East Tennessee's filing, which is discussed below.

¹ See Appendix for a list of tariff sheets.

3. East Tennessee is proposing to modify sections 17.2, Releasing Shipper's Request for firm transportation, and 18.2, Releasing Shipper's Request for LNGS service, to specifically state among other things, that any contingencies or special terms and conditions included in a releasing shipper's notice to release capacity shall not be contrary to any applicable provisions of East Tennessee's tariff. As a related change, East Tennessee is also proposing to modify sections 17.5(d) Bidding on Transportation Rights and 18.5 (d) Bidding for Storage Rights, to specifically state that any contingency contained in a submitted bid shall not be contrary to any applicable provisions of its tariff.

4. In its comments, Piedmont asserts that the proposed modifications to sections 17.2 and 17.5(d) are overbroad and requests clarification that they do not conflict with section 284.8(b) of the Commission's regulations. Section 284.8(b) states that "Firm shippers must be permitted to release their capacity, in whole or in part, on a permanent or short-term basis, without restrictions on the terms and conditions of the release." Piedmont does not provide an example of how these provisions would conflict with the Commission's regulations.

5. The Commission finds that the proposed changes are reasonable. The particular proposed revisions that are the subject of Piedmont's request for clarification merely ensure that shipper's requests for FT and LNG service, as well as any bids for transportation and storage rights, do not contain terms that conflict with East Tennessee's tariff. This is not a restriction on the terms or conditions of any release as any such release must be consistent with East Tennessee's tariff. Moreover, sections 17.13, 17.16 and 18.15, expressly permit the type of terms and conditions of a release contemplated by section 284.8(b), such as recall rights and a requirement that the replacement shipper not change primary points. Accordingly, we find that East Tennessee's proposed tariff provisions do not conflict with the Commission's regulations.

6. The Commission accepts East Tennessee's revised tariff sheets effective, November 6, 2006, as requested, without condition, and denies Piedmont's request for clarification.

By direction of the Commission.

Magalie R. Salas,
Secretary.

Appendix

East Tennessee Natural Gas, LLC
FERC Gas Tariff, Third Revised Volume No. 1

Effective November 6, 2006

Fourth Revised Sheet No. 300
Second Revised Sheet No. 304
Third Revised Sheet No. 339
Second Revised Sheet No. 340
Second Revised Sheet No. 341
Third Revised Sheet No. 342
First Revised Sheet No. 343
Second Revised Sheet No. 348
Third Revised Sheet No. 349
Second Revised Sheet No. 350
First Revised Sheet No. 354
Second Revised Sheet No. 355
Second Revised Sheet No. 360
First Revised Sheet No. 361
First Revised Sheet No. 362
Second Revised Sheet No. 363
First Revised Sheet No. 364
First Revised Sheet No. 365
First Revised Sheet No. 366
First Revised Sheet No. 368
Second Revised Sheet No. 401